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**DOMINION FABRICS
LIMITED**

Camtex

MANUFACTURERS OF

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**DOMINION FABRICS
LIMITED**

**Report
to
Shareholders**

Camtex

FOR THE HALF YEAR ENDED
JUNE 30, 1967

August 2, 1967
DUNNVILLE, Ontario

Dear Shareholder:

I am pleased to submit on behalf of your Board of Directors the interim financial statement for the period January 1 to June 30, 1967, with comparative figures for the period January 1 to June 30, 1966.

This statement shows net profit for the six months ended June 30, 1967, was \$82,571.00 compared with \$73,896.00 for the six months ended June 30, 1966.

Yours Sincerely,
J. GORDON CAMELFORD,
President.

DOMINION FABRICS LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY
DOMINION YARNS LIMITED

Camtex

STATEMENT OF CONSOLIDATED NET INCOME
(Unaudited)

	Six months ended June 30 1967	1966
Profit after deducting cost of operating and all other expenses but depreciation	\$260,553	\$261,347
Deduct:		
Provision for depreciation	99,106	120,053
Profit before provision for income tax	161,447	141,294
Deduct:		
Provision for income tax	78,876	67,398
Net profit for period	82,571	73,896
Deduct:		
Dividend for period	44,000	44,000
Earnings for period retained in business	<u>\$ 38,571</u>	<u>\$ 29,896</u>

Note: Sales for the six months to June 30, 1967, show an increase of 7% over sales for the corresponding period of 1966. Sales for the six months to June 30, 1967, show an increase of 13% over the average sales for the five immediately preceding corresponding periods.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
(Unaudited)

	Six months ended June 30 1967	1966
Source of Funds		
Net profit from current operations	\$ 82,571	\$ 73,896
Depreciation written off	99,106	120,053
Realization of Investments	1,596	390
Adjustment of prior years taxes	1,150	3,182
Decrease in Working Capital	30,536	40,263
	<u>\$214,959</u>	<u>\$237,784</u>
Application of Funds		
Refundable Tax	\$ 4,750	\$ 2,300
Invested in Fixed Assets	66,209	191,484
Reduction of Bank Loan on Capital Account	100,000	
Dividends paid	44,000	44,000
	<u>\$214,959</u>	<u>\$237,784</u>

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Dominion Fabrics
Limited

Annual Report

For the year ended
31st December, 1967

ANNUAL
REPORT

*For the Fiscal Year
Ended December 31,
1967*

TO THE SHAREHOLDERS,
DOMINION FABRICS LIMITED,

Dear Sirs:

Your Directors submit, herewith, the Company's Annual Statement for 1967, showing, after provision for operating expenses, depreciation, and income taxes, a consolidated net profit of \$91,943.

Financial

Working Capital decreased by \$164,392 during the year, and was used primarily to finance Capital Expenditures which, in the year, amounted to \$279,207. However, there was a reduction in the outstanding bank loan on our Capital Account of \$100,000.

Regular dividends were paid to Shareholders during the past year.

Your Directors are pleased to announce the completion of a major revision in our financial and cost control systems, which no doubt, will be of great future benefit in the increasingly competitive market.

Personnel

Cordial relations between the Company and its employees continued throughout 1967, and our Union Contract has been renegotiated for a period of one year.

Your Directors appreciate the continued loyal support and efforts of its officers and employees throughout the past year.

General Business Conditions

Despite general uncertainty in the economy as a whole for 1968, your Directors continue to be more concerned about continued and increasing foreign competition affecting your Company and the Canadian Textile Industry in general. In this regard, legislation now being prepared by the Federal Government and its implementation against "dumping" of Textiles in Canada, is of primary importance.

Raw cotton, due to a shortage in the United States, advanced several cents per pound and will be reflected in increased material cost of our finished product during the coming year.

Your Company is continuing to improve the styles of its lines for the changing Canadian market and sales in 1967 were 7.3% higher than the previous year. It is anticipated that this trend will continue during 1968.

Development and Expansion

In view of the continuing pressure on interest rates, and unsettled economic conditions generally, no large Capital Expenditures are contemplated during the current year. However, should these conditions change, this policy will be reviewed by your Directors.

Your Executive Planning Committee will be engaged, during the current year, in broad studies of future development needs and opportunities. These will cover the spectrum of future styling trends, equipment modernization, plant capacities, and general market research.

Directorate

Your Directors regret to announce the resignation as Directors of the Company of Miss Mary Camelford and Mrs. Dorothy F. Kelly, who have served as Directors 42 years and 33 years, respectively.

Your Directors wish to express their appreciation to them for their valuable contribution to the Company these many years.

On behalf of the Board,

J. GORDON CAMELFORD,

May 10, 1968.

President.

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AND ITS WHOLLY OWNED SU

Consolidated Balance S
(with comparative figu

ASSETS		<u>1967</u>	<u>1966</u>
CURRENT ASSETS:			
Cash on hand	\$	3,100	\$ 2,600
Cash in bank		—	45,641
Accounts receivable (after making provision for doubtful accounts)		941,524	820,916
Inventories of raw cotton, materials, work in process, and finished goods valued at the lower of cost or replacement		1,544,936	1,182,879
Prepaid charges		32,486	29,626
		<u>2,521,986</u>	<u>2,081,662</u>
INVESTMENTS:			
Mortgages		15,001	1,597
Special refundable tax		13,334	9,388
		<u>28,335</u>	<u>10,985</u>
CAPITAL ASSETS:			
Land, buildings and equipment as revalued by officials of the Company at December 31, 1926		596,702	596,702
Subsequent additions at cost		4,770,837	4,490,346
		<u>5,367,539</u>	<u>5,087,048</u>
Less accumulated depreciation		3,751,434	3,523,078
		<u>1,616,105</u>	<u>1,563,970</u>
		<u>\$4,166,426</u>	<u>\$3,656,617</u>

Approved on behalf of the Board:

GORDON CAMELFORD, Director.

KENNETH CAMELFORD, Director.

Auditors' Report to the Shareholders of Dominion Fabrics, Limited.

We have examined the consolidated balance sheet of Dominion Fabrics, 31, 1967, and the consolidated statement of income and retained earnings for funds. Our examination included a general review of the accounting procedure and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and related consolidated statement of income and retained earnings present fairly the financial position of the combined company at the year ended on that date in accordance with generally accepted accounting principles.

February 26, 1968.

BRICS LIMITED

ARY DOMINION YARNS LIMITED

as at December 31, 1967

s at December 31, 1966)

LIABILITIES

	<u>1967</u>	<u>1966</u>
CURRENT LIABILITIES:		
Bank loan	\$ 428,424	\$ —
Accounts payable and accrued liabilities	370,779	241,661
Taxes other than income	58,364	51,221
Income taxes payable	34,921	(5,110)
Dividend payable February 1	22,000	22,000
	<u>914,488</u>	<u>309,772</u>
Bank loan on Capital Account due December 31, 1969....	200,000	300,000
Tax reduction applicable to future years	181,600	181,600

SHAREHOLDERS' EQUITY:

Capital Stock:

Authorized: 300,000 Class "A" Cumulative
participating Preference
Shares of no par value
400,000 Common Shares of no
par value

Issued and Fully Paid:

170,000 Class "A" Preference Shares }		
210,000 Common Shares }	17,500	17,500
Capital Surplus	450,000	450,000
Retained Earnings	2,402,838	2,397,745
	<u>\$4,166,426</u>	<u>\$3,656,617</u>

ed and its wholly owned subsidiary Dominion Yarns, Limited as at December
fiscal year ended on that date and the statement of source and application of
nd such tests of accounting procedures and such tests of accounting records and

ed statements of income and retained earnings and statement of source and
es as at December 31, 1967, and the combined results of their operations for the
s applied on a basis consistent with that of the preceding year.

LEVER, HOSKIN, CHAGNON & MacGILLIVRAY,
Chartered Accountants.

DOMINION FABRICS LIMITED

And its wholly owned subsidiary Dominion Yarns Limited

Consolidated Statement of Income and Retained Earnings For the Year Ended December 31, 1967

(with comparative figures for 1966)

	<u>1967</u>	<u>1966</u>
Income after deducting cost of operations and provision for all other expenses but depreciation	\$ 397,415	\$ 470,577
Provision for depreciation	227,072	240,107
Income before provision for income taxes	170,343	230,470
Provision for income taxes	78,400	109,800
Net income for the year	91,943	120,670
Dividends for the year	88,000	88,000
Earnings for the year retained in business	3,943	32,670
Retained earnings at the beginning of year	2,397,745	2,111,893
Income tax adjustment of prior years	1,150	3,182
Transfer of inventory reserve	—	250,000
Retained earnings at the end of year	<u><u>\$2,402,838</u></u>	<u><u>\$2,397,745</u></u>

Note 1—There was paid as remuneration to directors and senior officers\$ 117,200 \$ 92,430

Note 2—Sales for the year ended December 31, 1967, show an increase of 7.3% over those of the year 1966 and an increase of 11% over the average of the sales for the five immediately preceding years.

Note 3—1967 expenditures include extraordinary expense of approximately \$65,000 for repairs of spinning frames.

DOMINION FABRICS LIMITED

And its wholly owned subsidiary Dominion Yarns Limited

Consolidated Statement of Source and Application of Funds For the Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
SOURCE OF FUNDS:		
Net income from current operations	\$ 91,943	\$ 120,670
Depreciation written off	227,072	240,107
Adjustment of prior years taxes	1,150	3,182
Decrease in working capital	164,392	—
Postponement of Income Taxes	—	49,000
Additional Bank Loan on Capital	—	200,000
	<u>\$ 484,557</u>	<u>\$ 612,959</u>
APPLICATION OF FUNDS:		
Increase in Working Capital	\$ —	\$ 197,311
Increase in Investments	13,404	(788)
Refundable Tax	3,946	9,388
Invested in Fixed Assets	279,207	307,944
Reduction in Bank Loans on Capital Account ...	100,000	—
Dividends paid	88,000	88,000
Additional assets capitalized because of tax adjustment	—	11,104
	<u>\$ 484,557</u>	<u>\$ 612,959</u>

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